

## **FISCAL NOTE**

### **SB 3530 - HB 3449**

March 16, 2006

**SUMMARY OF BILL:** Assists Tennessee governmental entities that offer other post employment benefits (OPEB) by creating an irrevocable investment trust whereby such entities may begin financing health care benefits and OPEB in advance. Creation of the trust would be optional to each Tennessee local government. However, once a local government creates a trust, the assets in the trust are irrevocable and may only be withdrawn for payment of OPEB or to pay the cost of administering the fund.

#### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – Any cost associated with managing the OPEB investment trust will be borne by the local entity and will come out of any funds contributed to the trust by such local entity. Any funds put into the trust by a local government entity will be permissive and will prevent the use of these funds for other local government purposes.**

Assumption:

- Any costs of funding this liability will be determined by each political subdivision employing an actuarial firm to calculate the cost of accrued and current OPEB liabilities based on the benefits provided by the political subdivision and the time period for which such services are provided after severance.
- Local governments are authorized to create an irrevocable investment trust in order to begin financing certain health care benefits and other post employment benefits in advance. It is not possible to determine when and if any local governments will choose to create such trusts.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director